

PAUL. WEISS, RIFKIND, WHARTON & GARRISON

1615 L STREET, NW  
TELEPHONE (202) 223-7300

WASHINGTON, DC 20036-5694  
FACSIMILE (202) 223-7420

1285 AVENUE OF THE AMERICAS  
NEW YORK, NY 10019-6064  
TELEPHONE (212) 373-3000  
FACSIMILE (212) 757-3990

199, BOULEVARD SAINT-GERMAIN  
75007 PARIS, FRANCE  
TELEPHONE (33-1) 45.49.33.65  
FACSIMILE (33-1) 42.22.64.38

AKASAKA TWIN TOWER  
17-22, AKASAKA 2-CHOME  
MINATO-KU, TOKYO 107, JAPAN  
TELEPHONE (81-3) 3505-0291  
FACSIMILE (81-3) 3505-4540

SUITE 1910 SCITE TOWER  
22 JIANGUOMENWAI DAJIE  
BEIJING, 100004  
PEOPLE'S REPUBLIC OF CHINA  
TELEPHONE (86-1) 5123628-30  
FACSIMILE (86-1) 5123631

13TH FLOOR, HONG KONG CLUB BUILDING  
3A CHATER ROAD, CENTRAL  
HONG KONG  
TELEPHONE (852) 536-9933  
FACSIMILE (852) 536-9622

WRITER'S DIRECT DIAL NUMBER

(202) 223-7334

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DEC 2 1994

Mr. William Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

Re: Ex Parte Presentation, GEN Docket No. 90-314 and  
ET Docket No. 92-100

Dear Mr. Caton:

On December 1, 1994 and December 2, 1994, Phillip L. Spector and the undersigned, attorneys for the Morgan Stanley Group Inc. met with individuals from: the Office and Plans and Policy; the Office of Commissioner Ness; and the Office of Commissioner Quello to discuss the above-captioned proceedings. A background paper, a copy of which is attached hereto, was provided to each individual. The attached paper was also supplied to the Office of the General Counsel. In accordance with the Commission's rules, an original and two copies this letter and its attachment have been provided to the Secretary.

Respectfully submitted,

  
Jon C. Garcia

Enclosure

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List A B C D E

## NARROWBAND MULTIPLIER RULE

DEC 2 1994

(Additions to the current rule are indicated by underscore and deletions are shown with a strike through.)

**Section 24.101 (narrowband multiple ownership rule) should be revised to read:**

(a) Narrowband PCS licensees shall not have an ownership interest in more than three of the 26 channels listed in Section 24.129 in any geographic area. For the purposes of this restriction, a narrowband PCS licensee is: (i) any institutional investor, as defined in Section 24.720(h) of this Part, with an ownership interest of ten or more percent in a narrowband PCS license; and (ii) any other person or entity with an ownership interest of five or more percent in a narrowband PCS license.

(b) ~~In cases where a party applies for a license after August 16, 1994 or has a license transferred to it after that date and the party~~ has indirect ownership, through an interest in an intervening entity (or entities) that has ownership in the narrowband PCS license, that indirect ownership shall be attributable if the percentages of ownership at each level, multiplied together, equal five or more percent ownership of the narrowband PCS license, except that if the ownership percentage for an interest in any link in the chain exceeds 50 percent or represents actual control, it shall be treated as if it were a 100 percent interest.

EXAMPLE: Party X has a non-controlling ownership interest of 25 percent in Company Y, which in turn has a non-controlling ownership interest of 10 percent in Company Z, the narrowband PCS licensee. Party X's effective ownership interest in Company Z is Party X's ownership interest in Company Y (25 percent) times Company Y's ownership interest in Company Z (10 percent). Therefore, Party X's effective ownership interest in Company Z is 2.5 percent, and is not attributable.

(c) Notwithstanding paragraph (b) of this Section, the following interests shall not constitute attributable ownership interests for purposes of paragraph (a) of this Section:

(i) A limited partnership interest, where the limited partner is not materially involved, directly or indirectly, in the management or operation of the carrier activities of the partnership, and the licensee

so certifies (the criteria which would assure adequate insulation for purposes of this certification are described in Note 2(g)(2) to Section 73.3555 of these Rules, appropriately modified for the PCS carrier context; however, partnerships established on or before [date of Order] may establish adequate insulation based on the certification, without reference to such criteria);

(ii) A minority and otherwise non-controlling ownership interest, where a majority or controlling ownership interest in the licensee is held by single shareholder or by a group of commonly controlled shareholders; or

(iii) An indirect interest in a licensee, with respect to any license issued (either to such licensee or to a predecessor licensee) as a result of a competitive bidding process that concluded before August 16, 1994.

## BROADBAND MULTIPLIER RULE

(Additions to the current rule are indicated by underscore and deletions are shown with a strike through.)

**Section 24.204 (multiplier) should be revised to read:**

(d) \* \* \*

(2) \* \* \*

(viii) (A) Ownership interests in a cellular licensee or a broadband PCS applicant or licensee that are held indirectly by any party through one or more intervening corporations will be determined by successive multiplication of the ownership percentages for each link in the vertical ownership chain and application of the relevant attribution benchmark to the resulting product, except that if the ownership percentages for an interest in any link in the chain exceeds 50 percent or represents actual control, it shall be treated as if it were a 100 percent interest. [For example, if A owns 10 percent of Company X, which owns 35 percent of, and controls, Company Y, which owns 25 percent of Licensee, then Company X's attributable interest in Licensee would be 25 percent, and A's attributable interest in Licensee would be 2.5 percent (0.1 x. 0.25).]

(B) Notwithstanding paragraph (A) of this subsection, the following interests shall not constitute attributable ownership interests for purposes of Section 24.229(c) of this Part:

(i) A limited partnership interest, where the limited partner is not materially involved, directly or indirectly, in the management or operation of the carrier activities of the partnership, and the licensee so certifies (the criteria which would assure adequate insulation for purposes of this certification are described in Note 2(g)(2) to Section 73.3555 of these Rules, appropriately modified for the PCS carrier context; however, partnerships established on or before [date of Order] may establish adequate insulation based on the certification, without reference to such criteria);

(ii) A minority and otherwise non-controlling ownership interest, where a majority or controlling ownership interest in the licensee is held by single shareholder or by a group of commonly controlled shareholders.

**Section 24.229 (PCS multiple ownership limit) should be revised to read:**

(c) PCS licensees shall not have an ownership interest in frequency blocks that total more than 40 MHz and serve the same geographic area. For purposes of this section, PCS licensees are: (i) any institutional investor, as defined in Section 24.720(h) of this Part, with an ownership interest of 10 or more percent in a broadband PCS license; and (ii) any other entities having an ownership interest of 5 or more percent or other attributable ownership interest, as defined in Section 24.204(d), in a PCS licensee.